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May 21, 2012

TRC Solutions Project No. 192355

Mr. Gary Moore
U.S. EPA Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

**Re: Weekly Progress Report
Falcon Refinery Superfund Site
Ingleside, San Patricio County, Texas
TXD 086 278 058**

Dear Mr. Moore:

On behalf of Lazarus Texas Refinery I, LLC, (Lazarus), TRC Solutions (TRC) submits this Weekly Progress Report on the Removal Action Activities at the Falcon Refinery Federal Superfund Site to the United States Environmental Protection Agency for your review.

If you have any questions, comments, or concerns, please do not hesitate to contact me at (361) 522-1935.

Sincerely,
TRC

Alonzo G. Arredondo
Senior Geologist

Attachment: Weekly Progress Report
cc: Lazarus Texas Refinery I, LLC

WEEKLY PROGRESS REPORT - Falcon Refinery Federal Superfund Site, Ingleside, TX;

1. TASKS NECESSARY TO COMPLETE THE REMOVAL ACTION

<u>TASK</u>	<u>START</u>	<u>EST. COMP DATE</u>
Butane Tank – This tank contains less than one gallon of sludge. The tank will be cleaned; the sludge will be disposed of appropriately, and the tank will be inspected.	1/18/12	6/15/12
Tank 12 – The damaged roof will be removed, oil/sludge will be removed and disposed, tank will be cleaned and inspected (API 653),	4/30/12	6/11/12
Tank 7 – The damaged roof will be removed, oil/sludge will be removed and disposed, tank will be cleaned and inspected (API 653)	2/16/12	7/15/12
Tank 30 – The damaged roof will be removed, oil/sludge will be removed and disposed, tank will be cleaned and inspected (API 653)	5/14/12	5/23/12
Tank 26 – Because of the poor integrity of this tank, all liquids will be transferred to Tank 12, or frac tanks for treatment of water via water treatment system and land applied in accordance with land disposal wastewater treatment criteria and additional criteria established by the TCEQ. Sludge in this tank will be removed and disposed, tank will be cleaned and inspected (API 653), contaminated soils below tank will be removed and disposed, and tank will be demolished.	7/15/12	9/30/12
Water Treatment System – A water treatment system capable of treating contaminated water to meet the land disposal restrictions and the criteria set up by TCEQ will be constructed with the appropriate irrigation field as approved by TCEQ. According to TCEQ, irrigation is only allowed from April 1 – August 30 (the growing season).	4/16/12	8/30/12

2. PROJECT ACTIVITIES COMPLETED THIS REPORTING PERIOD (MAY 14 – 18, 2012)

The following activities were completed this week:

- Removed and cleaned approximately 50% of the roof sludge in Tank 30.
- Inspected Tank 12 and is evaluated several options to address Tank 12 repairs.

- Continued removing debris in areas surrounding pipe racks
- Patched a leaking pipe discovered at the pipe rack.
- Sheared the external floating roof from Tank 30
- Cleaned the external floating roof from Tank 30.
- Received positive laboratory test results for asbestos in debris north of Process Area #1.

3. ACTIVITIES PLANNED FOR NEXT WEEK (MAY 21 - 25, 2012)

- Continue with removal of the roof from Tank 30 on Monday.
- Begin treating water in frac tanks with activated carbon out of frac tanks.
- Continue conducting general housekeeping activities at the site clearing brush and maintaining firewalls.
- Continue evaluating discharge limits for treated wastewater and pursue agreement from U.S. EPA and TCEQ.
- Continue laying down piping for the construction of the irrigation field.
- Start repair of tank 12 for receiving water from frac tanks and tank 26.

4. ACTIVITIES PLANNED FOR WEEK FOLLOWING (MAY 29 – JUNE 1, 2012)

- Remove sludge and clean Tank 30 after completing roof removal activities.
- Continue gathering sludge from Tanks 30, 26, 7 and two frac tanks for centrifuging.
- Continue repairs to the bottom of Tank 12.

5. ISSUES ENCOUNTERED

- Resolved the tight oil/water emulsion issue and has improved the clarity of the water from Tank 26.
- Sampled insulation in several areas north of Process Area #1 of the Falcon Refinery and identified asbestos in one area. The area has been restricted, material has been contained, and the debris that contains asbestos will be sent to an approved facility by a licensed asbestos abatement contractor.